

CIULLA & DONOFRIO, LLP

127 WASHINGTON AVENUE

P. O. BOX 219

NORTH HAVEN, CONNECTICUT 06473

TELEPHONE (203) 239-9828

FACSIMILE (203) 234-0379

www.cd-law.com

JEFFREY M. DONOFRIO

DIRECT DIAL: (203) 239-9829

JENNIFER N. COPPOLA

DIRECT DIAL: (203) 239-3642

LOUIS J. DAGOSTINE

DIRECT DIAL: (203) 234-2699

EXHIBIT

37

RICHARD F. CONNORS

DIRECT DIAL: (203) 234-0380

OF COUNSEL

January 21, 2010

Paul E. Stacey
Department of Environmental Protection
Bureau of Water Protection and Land Reuse
Planning & Standards Division
79 Elm Street
Hartford, Connecticut 06106-5127

Re: Proposed Stream Flow Regulations

Dear Mr. Stacey:

My firm is the Office of Consumer Affairs and I am the Consumer Affairs Officer for the South Central Connecticut Regional Water Authority ("SCCRWA"). My role as the Consumer Affairs Officer, as per the Enabling Legislation for the SCCRWA, is to be an advocate for consumer interests in all matters which may affect consumers...."

For the following reasons, I am very concerned about the cost impact of the proposed regulations upon the SCCRWA's consumers.

The proposed regulations will require the SCCRWA to make costly modifications to several dams in order to make and measure the required releases. The regulations will require that the SCCRWA modify 16 dams in total, including most of the SCCRWA's largest dams, and several of its diversions. The proposed regulations will also require the SCCRWA to make distribution system improvements including new transmission mains and pumping station upgrades (in order to move water from less impacted supply areas to more highly impacted areas). The proposed regulations will also require the RWA to add staff for monitoring, operations, and reporting.

Under the proposed regulations, the foregoing costs would be paid **entirely** by the SCCRWA's customers. The preliminary analysis by the SCCRWA has determined that the additional **capital cost** of the stream flow regulations will be at least \$15 to \$20 million to the SCCRWA (based on a favorable outcome of the stream classification process).

The cost of implementing the improvements required by the regulations would burden the SCCRWA's average residential customer with a rate increase of at least \$8

annually. At a time when many people throughout the State, including the Greater New Haven area, are struggling financially due to the prolonged economic downturn, this is clearly a major concern.

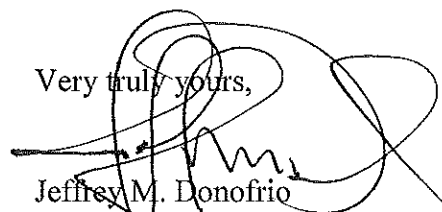
The cost impact analysis performed by the SCCRWA is, of course, based upon the SCCRWA's predictions as to the outcome of the stream flow classification process. If the stream flow classification process is less favorable for the SCCRWA than it has projected, the costs for improvements to the SCCRWA's system could rise to over \$100 million with proportionately larger rate increases to customers.

The SCCRWA, like the rest of the industry, is facing large costs in the near future to renew its aging underground infrastructure. Without question, funding for capital costs necessitated by the stream flow regulations could impact funding for infrastructure improvements. Without considering stream flow, the SCCRWA's consumers are already looking at rate increases on the order of 4 to 6% annually for the foreseeable future, assuming a resumption of "normal" rainfall and "normal" collection cycles. Without considering stream flow, the SCCRWA projects a total increase of over \$130 in the average annual bill in the next five years for needed infrastructure improvements.

Above all else, I take exception to the fact that as proposed, the regulations place the burden of stream flow-related rate increases solely upon water utility customers. The increases in stream flow are intended to benefit the entire state, including fishermen, hikers, and canoeists. The State clearly should find a mechanism that will allocate the cost burden to all residents.

I sincerely appreciate the opportunity to present the concerns of the SCCRWA's consumers and respectfully request that serious consideration be given to the cost impact and the fatally flawed plan of placing the entire burden upon ratepayers. I understand the purpose of the proposed regulations and do not downplay the laudable goals that the proposed regulations seek to achieve. However, to place the financial burden solely upon water utility consumers is simply unfair. Thank you.

Very truly yours,

A handwritten signature in black ink, appearing to read "Jeffrey M. Donofrio", is written over a horizontal line. The signature is stylized with loops and a long horizontal stroke extending to the left.

Jeffrey M. Donofrio
Office of Consumer Affairs,
South Central Connecticut Regional
Water Authority